



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

January 23, 2001

TO: Lowell P. Braxton, Director

THRU: Mary Ann Wright, Associate Director *MAW*

THRU: Wayne Hedberg, Permit Supervisor *WH*

FROM: Lynn Kunzler, Senior Reclamation Specialist *LK*

RE: Request for Approval of Form and Amount of Reclamation Surety, Star Stone Quarries, Inc. Rosebud Mine, M/003/026, Box Elder County, Utah

*RC & surety replaced 3/18 & 7/10/2002*

The Division finalized the review of Star Stone Quarries, Inc.'s Rosebud Mine, located in Box Elder County, Utah and tentative approval was granted July 7, 2000. The tentative approval notice was sent to the local newspapers on August 12, 2000 to begin a 30-day public comment period. No adverse comments were received for this project.

The operator has provided the Division with a Reclamation Contract and a surety bond # [REDACTED] issued by American Motorists Insurance Company in the amount of \$68,700. The surety company is on the federal register listing of acceptable bonding companies. The Division's legal counsel has reviewed the forms for accuracy.

The Rosebud site was initially permitted as a small mining project in August 1994. The operator exceeded the allowed acreage for a small mining status; therefore, in August, 1999, the operator provided the Division with a \$15,000 CD, issued by First Security Bank, as interim surety until a Large Mining Notice could be submitted and approved.

If you are in agreement with the acceptance of the reclamation surety please sign and date the documents. We will then issue final Division approval for the Rosebud Mine. We have prepared a letter to First Security Bank under your signature authorizing release of the \$15,000 CD to the operator. On January 22, 2001, the Division received verbal concurrence from Robert Lopez and Michael Ford of the BLM to release the interim CD. If you are in agreement with releasing the interim CD, please sign the attached letter. Thank you for your consideration of this request.

jb  
Enclosure: MR-RC & surety  
M03-26-dir-mem

*Agree 2*  
*Lowell Braxton*

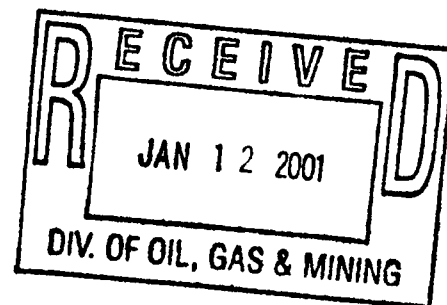
FORM MR-RC  
Revised January 18, 2000  
RECLAMATION CONTRACT

File Number M/003/026

Effective Date Jan 25, 2001

Other Agency File Number BLM -U77034

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940



RECLAMATION CONTRACT  
---ooOoo---

*Reflected  
July 10, 2002.  
original returned  
to operator 7/23/02*

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)  
(Mineral Mined)

M/003/026  
Quartzite

"MINE LOCATION":  
(Name of Mine)  
(Description)

Rosebud  
34 miles South West  
of Park Valley UT

"DISTURBED AREA":  
(Disturbed Acres)  
(Legal Description)

9.5 Acres  
(refer to Attachment "A")

"OPERATOR":  
(Company or Name)  
(Address)

Star Stone Quarries inc.  
4040 South 300 West  
Salt Lake City, UT 84107

(Phone)

801-262-4300

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

Lon Thomas

4040 S. 300 W.

Salt Lake City, UT 84107

801-262-4300

"OPERATOR'S OFFICER(S)":

Lon Thomas (Pres.)

"SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

American

MOTORISTS INS. CO. 1

"SURETY AMOUNT":

(Escalated Dollars)

68,700

"ESCALATION YEAR":

2004

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Star Stone Quarries Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. m/003/026 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.



NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated June 15, 2000, and the original Reclamation Plan dated June 15, 2000. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's



request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Star Stone Quarries inc.  
Operator Name

By Lon Thomas  
Authorized Officer (Typed or Printed)

President  
Authorized Officer - Position

Lon Thomas  
Officer's Signature

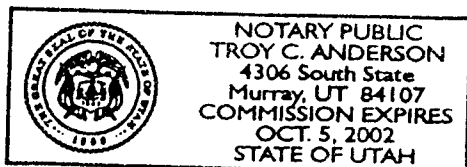
1-10-01  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 10<sup>th</sup> day of Jan, 20 01, Lon Thomas  
personally appeared before me, who being by me duly sworn did say that he/she is the  
President of Star Stone Quarries, Inc and duly  
acknowledged that said instrument was signed on behalf of said company by authority  
of its bylaws or a resolution of its board of directors and said \_\_\_\_\_  
duly acknowledged to me that said company executed the same.

Troy C Anderson  
Notary Public  
Residing at Murray, Utah

10-5-2002  
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton  
Lowell P. Braxton, Director

1/25/01  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 25<sup>th</sup> day of January, 2001, Lowell P. Braxton personally appeared before me, who being duly sworn did say that he ~~she~~, the said Lowell P. Braxton is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he ~~she~~ duly acknowledged to me that he ~~she~~ executed the foregoing document by authority of law on behalf of the State of Utah.



Victoria A. Bailey  
Notary Public  
Residing at: Salt Lake City, UT

February 29, 2004  
My Commission Expires:

**ATTACHMENT "A"**

Star Stone Quarries inc  
Operator

Rosebud  
Mine Name

m/003/026  
Permit Number

Box Elder County, Utah

**The legal description of lands to be disturbed is:**

SW  $\frac{1}{4}$  NW  $\frac{1}{4}$  And the SE  $\frac{1}{4}$  SW  $\frac{1}{4}$  of  
Section 14, Township 10 North, Range 16 West,  
SLBM, Box Elder County, Utah.

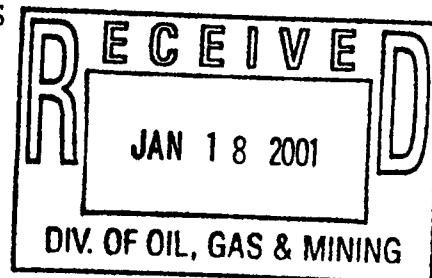


ATTACHMENT B

FORM MR-6  
Joint Agency Surety Form  
(January 18, 2000)

Bond Number [REDACTED]  
Permit Number M1003626  
Mine Name Rosebud  
Other Agency File Number U-77034

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas and Mining  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
Telephone: (801) 538-5291  
Fax: (801) 359-3940



THE MINED LAND RECLAMATION ACT

SURETY BOND  
\*\*\*\*\*

*Replaced  
March 18, 2002.  
this original  
returned to  
operator  
7/23/02*

The undersigned, Star Stone Quarries, Inc. as Principal, and American Motorists Insurance Company as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining, and the USDI Bureau of Land Management, in the penal sum of Sixty Eight Thousand Seven Hundred & 00/100 Dollars (\$68,700.00).

Principal has estimated in the Mining and Reclamation Plan approved by the Division of Oil, Gas and Mining on the 25th day of January, 2001, that 9.5 acres of land will be disturbed by this mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

**Joint Agency Surety Bond  
Attachment B**

**Bond Number**

Permit Number B / 003 / 026

Mine Name Besse bud

Other Agency File Number U-77034

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by the Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

**Star Stone Quarries, Inc.**

Principal (Permittee)

Low Thomas

By (Name typed):

Präsident

## Title

X Len Brown

Signature

1-18-01

Date \_\_\_\_\_

**Surety Company**

## American Motorists

Insurance Company

Company Officer

1 Kemper Drive, Long Grove, IL 60049

**Surety Company Address**

Leann M. Wells, Attorney-in-fact

Title/Position

Signature

Signature

City, State, Zip

**12.06.00**

Date \_\_\_\_\_

Page 3  
MR-6  
Joint Agency Surety Bond  
Attachment B

Bond Number [REDACTED]  
Permit Number 7/003/026  
Mine Name Ross bud  
Other Agency File Number U-77034

SO AGREED this 25 day of January, 2001.

Lowell P. Braxton  
Lowell P. Braxton, Director  
Utah State Division of Oil, Gas and Mining

\*NOTE: Where one signs by virtue of Power of Attorney for a Surety Company, such Power of Attorney must be filed with this bond. If the Principal is a corporation, the bond shall be executed by its duly authorized officer.



Bond Number [REDACTED]  
Permit Number 9/003/026  
Mine Name 2052 bud  
Other Agency File Number U-77034

### AFFIDAVIT OF QUALIFICATION

On the 6th day of December, 20 00, personally appeared before me Ann E. Glass who being by me duly sworn did say that he/she, the said Leann M. Wells is the Attorney-in-fact of American Motorists Insurance Company and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said American Motorists Insurance Company duly acknowledged to me that said company executed the same, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: *Leann M. Wells*  
Surety Officer  
Title: Leann M. Wells, Attorney-in-fact

STATE OF PA )  
 ) ss:  
COUNTY OF Montgomery )

Subscribed and sworn to before me this 6th day of December, 20 00.

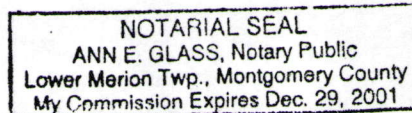
*Ann E. Glass*  
Notary Public

Residing at: 555 City Line Avenue, Ste 620, BC, PA 190

My Commission Expires:

12/29/01

\_\_\_\_\_, 20 \_\_\_\_.



## POWER OF ATTORNEY

Know All Men By These Presents:

That the Lumbermens Mutual Casualty Company, the American Motorists Insurance Company, and the American Manufacturers Mutual Insurance Company, corporations organized and existing under the laws of the State of Illinois, having their principal office in Long Grove, Illinois, (hereinafter collectively referred to as the "Company") do hereby appoint

Sidney M. Zilber and Leann M. Wells of Bala Cynwyd, Pennsylvania (EACH)\*\*\*\*\*

their true and lawful agent(s) and attorney(s)-in-fact, to make, execute, seal, and deliver during the period beginning with the date of issuance of this power and ending on the date specified below, unless sooner revoked for and on its behalf as surety, and as their act and deed:

Any and all bonds and undertakings provided the amount of no one bond or undertaking exceeds ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00)\*\*\*\*\*

EXCEPTION: NO AUTHORITY is granted to make, execute, seal and deliver any bond or undertaking which guarantees the payment or collection of any promissory note, check, draft or letter of credit.

This authority does not permit the same obligation to be split into two or more bonds in order to bring each such bond within the dollar limit of authority as set forth herein.

This appointment may be revoked at any time by the Company.

The execution of such bonds and undertakings in pursuance of these presents shall be as binding upon the said Company as fully and amply to all intents and purposes, as if the same had been duly executed and acknowledged by their regularly elected officers at their principal office in Long Grove, Illinois.

THIS APPOINTMENT SHALL CEASE AND TERMINATE WITHOUT NOTICE AS OF December 31, 2001

This Power of Attorney is executed by authority of resolutions adopted by the Executive Committees of the Boards of Directors of the Company on February 23, 1988 at Chicago, Illinois, true and accurate copies of which are hereinafter set forth and are hereby certified to by the undersigned Secretary as being in full force and effect:

"VOTED, That the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, or the Secretary shall have the power and authority to appoint agents and attorneys, and to authorize them on behalf of the Company, and attach the seal of the Company thereto, bonds and undertakings, and to execute, seal and deliver the same, and other writings, obligatory in the nature thereof, and any such officers of the Company may appoint agents for acceptance of process."

This Power of Attorney is signed, sealed and certified by facsimile under and by authority of the following resolution adopted by the Executive Committee of the Boards of Directors of the Company at a meeting duly called and held on the 23rd day of February, 1988:

"VOTED, That the signature of the Chairman of the Board, the President, any Vice President, or their appointees designated in writing and filed with the Secretary, and the signature of the Secretary, the seal of the Company, and certifications by the Secretary, may be affixed by facsimile on any power of attorney or bond executed pursuant to resolution adopted by the Executive Committee of the Board of Directors on February 23, 1988 and any such power so executed, sealed and certified with respect to any bond or undertaking to which it is attached, shall continue to be valid and binding upon the Company."

In Testimony Whereof, the Company has caused this instrument to be signed and their corporate seals to be affixed by their authorized officers, this May 10, 1999.

Attested and Certified:

Lumbermens Mutual Casualty Company  
American Motorists Insurance Company  
American Manufacturers Mutual Insurance Company

*Robert P. Hames*



*J. S. Kemper III*

Robert P. Hames, Secretary

by

J. S. Kemper, III, Exec. Vice President



I, Irene Klewer, a Notary Public, do hereby certify that J. S. Kemper, III and Robert P. Hames personally known to me to be the same persons whose names are respectively as Exec. Vice President and Secretary of the Lumbermens Mutual Casualty Company, the American Motorists Insurance Company, and the American Manufacturers Mutual Insurance Company, Corporations organized and existing under the laws of the State of Illinois, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they being thereunto duly authorized signed, sealed with the corporate seals and delivered the said instrument as the free and voluntary act of said corporations and as their own free and voluntary acts for the uses and purposes therein set forth.



My commission expires 1-28-02

*Irene Klewer*

Irene Klewer, Notary Public

#### CERTIFICATION

I, J.K. Conway, Corporate Secretary of the Lumbermens Mutual Casualty Company, the American Motorists Insurance Company, and the American Manufacturers Mutual Insurance Company, do hereby certify that the attached Power of Attorney dated May 10, 1999 on behalf of the person(s) as listed above is a true and correct copy and that the same has been in full force and effect since the date thereof and is in full force and effect on the date of this certificate; and I do further certify that the said J. S. Kemper, III and Robert P. Hames, who executed the Power of Attorney as Executive Vice President and Secretary respectively were on the date of the execution of the attached Power of Attorney the duly elected Executive Vice President and Secretary of the Lumbermens Mutual Casualty Company, the American Motorists Insurance Company, and the American Manufacturers Mutual Insurance Company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the Lumbermens Mutual Casualty Company, the American Motorists Insurance Company, and the American Manufacturers Mutual Insurance Company on this

December 6, 2000.



*J. K. Conway*

J. K. Conway, Corporate Secretary

This Power of Attorney limits the acts of those named therein to the bonds and undertakings specifically mentioned therein and they have no authority to bind the Company except in the manner and to the extent herein stated.



January 18, 2001



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1 companies found, results sorted by Company Name

Criteria Used: Company Name starting with AMERICAN MOTORISTS

▲AMB ▲Business ▲	▼# ▼Type ▼	◆ Company Name	◆ Rating ◆	◆ Domicile
02274	P	<a href="#">American Motorists Insurance Company</a>	A	United States: Illinois

\*Ratings as of 1/18/2001 2:59:36 PM E.S.T.

## Business Types:

P = Property/Casualty (non-life)  
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**From:** Kurt Seel  
**To:** Burns, Joelle  
**Date:** 1/19/01 11:54AM  
**Subject:** Proposed reclamation Contract and Bond, Star Stone Quarries, M/003/026

Joelle,

Thank you for forwarding the above Star Stone Quarries proposed reclamation contract and surety Bond for the Rosebud Mine, M/003/026. The documents appear in order and executed by authorized representatives of American Motorists Insurance Company. Therefore, I approve same and request they be completed in the due course. If you have any questions please do not hesitate to contact me.

Kurt E. Seel